



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-92051; File No. SR-C2-2021-009]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Align the Exchange’s Rulebook with the Rulebook of its Affiliated Exchange, Cboe Options, Inc. (“Cboe Options”) and Make Other Formatting Changes

May 27, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 19, 2021, Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) proposes to align the Exchange’s rulebook with the rulebook of its affiliated Exchange, Cboe Options, Inc. (“Cboe Options”) and make other formatting changes. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website (http://markets.cboe.com/us/options/regulation/rule_filings/ctwo/), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to align the numbers of its rules in the Exchange's Rulebook with the numbers of the same (or substantially similar) rules within the rulebook of its affiliated exchange, Cboe Options.³ The Exchange believes aligning the numbers of its rules with those of the same (or substantially similar) rules of Cboe Options to the extent practicable⁴ will reduce potential confusion for market participants. The below table sets forth the rules in the Exchange's Rulebook, their current rule numbers, and the proposed rule numbers. As noted in the table below, the proposed rule change deletes certain reserved rule numbers and adds certain reserved rule numbers to maintain number alignment with Cboe Options rule numbers.

³ In separate rule filings, the Exchange intends to similarly align the rule numbers of the Exchange's other affiliated options exchanges, Cboe BZX Exchange, Inc. and Cboe EDGX Exchange, Inc. with the rule numbers of Cboe Options and the Exchange.

⁴ The Exchange notes that certain rules are applicable to it and not Cboe Options, and vice versa.

Rule Name	Current Rule Number	Proposed New Rule Number
Definitions	1.1	No change
Exchange Determinations	1.2	1.5
Time	1.3	1.6
Trading Permit Holder Fees	2.1	No change
Exchange's Costs of Defending Legal Proceedings	2.2	2.5
Regulatory Revenues	2.3	2.2
Reserved	N/A	2.4
Trading Permits	3.1 ⁵	No change
Denial of and Conditions to Being a Permit Holder or an Associated Person	3.2	No change
Persons Associated with Trading Permit Holder	3.3	No change
Reserved	3.4	No change
Trading Permit Holders and Persons Associated with a Trading Permit Holder Who Are or Become Subject to a Statutory Disqualification	3.5	No change
Dissolution and Liquidation of Trading Permit Holders	3.6	No change
Obligations of Terminating Trading Permit Holders	3.7	No change
Responsible Person	3.8	No change
Integrated Billing System	3.9	2.3
Letters of Guarantee and Authorization	3.10	3.61
C2 Pledge	3.11	3.9
Maintaining Current Address	3.12	3.10
Educational Classes	3.13	3.11
Effectiveness of a Trading Permit Holder	3.14	3.12

⁵ In separate rule filings, the Exchange intends to align the membership rules included in Chapter 3 of the Exchange's Rulebook with the membership rules included in Cboe Options' Rulebook.

Rule Name	Current Rule Number	Proposed New Rule Number
Reserved	N/A	3.52 [sic] – 3.59
Sponsored Users	3.15	3.60
Affiliation Between the Exchange and a Trading Permit Holder	3.16	3.62
Cboe Trading as Outbound Router	3.17	3.63
Cboe Trading as Inbound Router	3.18	3.64
Reserved	3.19	Deleted
Options Listing	Chapter 4 (incorporates by reference Cboe Options Chapter 4)	No change
Business Conduct	Chapter 5 (incorporates by reference Cboe Options Chapter 8)	Chapter 8 (incorporates by reference Cboe Options Chapter 8)
Days and Hours of Business	6.1	5.1
Unit of Trading	6.2	5.2
Meaning of Premium Bids and Offers	6.3	5.3
Minimum Increments for Bids and Offers	6.4	5.4
System Access and Connectivity	6.8	5.5
Entry and Cancellation of Orders	6.9	5.7
Reserved	N/A	5.8
Availability of Orders	6.10	5.6
Opening Auction Process	6.11	5.31
Order and Quote Book Processing, Display, Priority, and Execution	6.12	5.32
Complex Orders	6.13	5.33

Rule Name	Current Rule Number	Proposed New Rule Number
Order and Quote Price Protection Mechanisms and Risk Controls	6.14	5.34
Reserved	N/A	5.35
Order Routing	6.15	5.36
Binding Transactions	6.26	5.11
Reserved	N/A	6.1
Reporting of Matched Trades to Clearing Corporation	6.27	6.4
Transaction Reports; Users' Identities	6.28	6.2
Reserved	N/A	6.3
Nullification and Adjustment of Options Transactions Including Obvious Errors	6.29	6.5
Give Up of a Clearing Trading Permit Holder	6.30	5.10
Clearing Editor	6.31	6.6
Trading Halts	6.32	5.20
Authority to Take Action Under Emergency Conditions	6.33	5.23
Disaster Recovery	6.34	5.24
Message Traffic Mitigation	6.35	5.25
Equity Market Plan to Address Extraordinary Market Volatility	6.39	5.21
Disclaimers and Limitations	6.42	1.10
Limitation on the Liability of Index Licensors for Options on Units	6.43	1.11
Legal Proceedings Against the Exchange	6.44	1.13 ⁶

⁶ Proposed Rule 1.13 is the same as Cboe Options Rule 1.15. As Cboe Options Rules 1.13 and 1.14 are applicable to Cboe Options but not the Exchange, the Exchange expects Cboe Options to submit a separate filing to renumber Cboe Options Rule 1.15 to Rule 1.13, and then renumber current Cboe Options Rules 1.13 and 1.14 to Rules 1.14 and 1.15, respectively.

Rule Name	Current Rule Number	Proposed New Rule Number
Limitation on Liability of Reporting Authorities for Indexes Underlying Options	6.45	1.12
Order Exposure Requirements	6.50	5.9
Trading on Knowledge of Imminent Undisclosed Solicited Transaction	6.51	5.13 ⁷
Intermarket Linkage	Chapter 6, Section E (incorporates Cboe Options Chapter 5, Section by reference)	Chapter 5, Section E (incorporates Cboe Options Chapter 5, Section by reference)
Exercises and Deliveries	Chapter 6, Section F (incorporates Cboe Options Chapter 6, Section B by reference)	Chapter 6, Section B (incorporates Cboe Options Chapter 6, Section B by reference)
Prohibition on Transactions Off the Exchange	6.60	5.12
Off-Floor Transfers of Positions	6.61	6.7
Off-Floor RWA Transfers	6.62	6.8
In-Kind Exchange of Options Positions and ETF Shares and UIT Interests	6.63	6.9
Regulatory Records, Reports, and Audits – General	Chapter 7, Section A (incorporates by reference Cboe Options Chapter 7, Section A)	No change

⁷ The Exchange notes current Rule 6.51 (proposed Rule 5.13) is the same as Cboe Options Rule 5.86(e). As Cboe Options Rule 5.86(e) is inapplicable to C2, the proposed rule change moves current Rule 6.51 to Rule 5.13, which is a rule number not currently in the Cboe Options rulebook. The Exchange and Cboe Options will consider whether additional changes can be made to further align this and other rule numbers.

Rule Name	Current Rule Number	Proposed New Rule Number
Consolidated Audit Trail (CAT)	Chapter 7, Section B (incorporates by reference Cboe Options Chapter 7, Section B)	No change
Initial Market-Maker Registration	8.1	3.52
Market-Maker Class Appointments	8.2	5.50
Market-Maker Class Appointment Costs	8.3	5.50(d)
Good Standing for Market-Makers	8.4	5.53
Obligations of Market-Makers	8.5	5.51
Market-Maker Quotes	8.6	5.52
Securities Accounts and Orders of Market-Makers	8.7	7.6
Financial Requirements and Arrangement for Market-Makers	8.8	Delete (Chapter 11 already incorporates an identical Cboe Options Rule by reference) ⁸
Doing Business with the Public	Chapter 9 (incorporates by reference Cboe Options Chapter 9)	No change
Margin Requirements	Chapter 10 (incorporates by reference Cboe Options Chapter 10)	No change

Rule Name	Current Rule Number	Proposed New Rule Number
Net Capital Requirements	Chapter 11 (incorporates by reference Cboe Options Chapter 11)	No change
Summary Suspension	Chapter 12 (incorporates by reference Cboe Options Chapter 12)	No change
Discipline	Chapter 13 (incorporates by reference Cboe Options Chapter 13)	No change ⁹
Arbitration	Chapter 14 (incorporates by reference Cboe Options Chapter 14)	No change
Hearings and Review	Chapter 15 (incorporates by reference Cboe Options Chapter 15)	No change

The proposed rule change also updates cross-references to reflect the proposed changes in the above table and updates chapter and section headings and to conform to those in the Cboe

⁹ Currently, Chapter 13 of the Exchange Rulebook states that any references in Cboe Options Rule 13.15 to Rule 2.3 are deemed to refer to C2 Rule 3.9. Current Rule 3.9 and Cboe Options Rule 2.3 are identical, and with the proposed move of C2 Rule 3.9 to Rule 2.3, that sentence in Chapter 13 is no longer necessary. Therefore, the proposed rule change deletes that sentence from Chapter 13. Additionally, Rule 13.15(g)(19) currently includes a parenthetical reference to Rule 6.34(b), which is also referenced in the body of that rule. The other C2-specific provisions in Rule 13.15 do not include such parenthetical reference in the rule provision heading, so the proposed rule change deletes that reference for consistency throughout the rule.

Options rulebook. The proposed rule change also corrects certain cross-references that are currently inaccurate, as follows:

Rule Location of Current Inaccurate Cross-Reference	Current Cross-Reference	Revised/Accurate Cross-Reference
1.1 (definition of “Protected Quotation”)	6.80 (incorrect Cboe Options rule number (which should be Cboe Options Rule 5.65) incorporated by reference into current C2 Chapter 6, Section E)	5.65 (Cboe Options rule number incorporated by reference into proposed C2 Chapter 5, Section E)
1.1 (definition of “System Securities”)	Chapters 5 and 24 (should be Chapter 4)	Chapter 4 (incorporates by reference Cboe Options Chapter 4)
1.1 (definition of “Unit”)	Rule 5.3, Interpretation and Policy .06 (incorrect Cboe Options rule number (which should be Cboe Options Rule 4.3, Interpretation and Policy .06) incorporated by reference into current C2 Chapter 4)	Rule 4.3, Interpretation and Policy .06 (Cboe Options rule number incorporated by reference into C2 Chapter 4)
6.42(f) (proposed Rule 1.10(f))	Chapter 19 (should be Chapter 15, which incorporates by reference Cboe Options Chapter 15)	Chapter 15 (which incorporates by reference Cboe Options Chapter 15)
6.43(a) (proposed Rule 1.11)	Rule 5.3.06 (incorrect Cboe Options rule number (which should be Cboe Options Rule 4.3, Interpretation and Policy .06) incorporated by reference into current C2 Chapter 4)	Rule 4.3, Interpretation and Policy .06 (Cboe Options rule number incorporated by reference into C2 Chapter 4)
3.1(f)	Chapter 17 (should be Chapter 13, which incorporates by reference Cboe Options Chapter 13)	Chapter 13 (which incorporates by reference Cboe Options Chapter 13)
3.2(e)	Chapter 19 (should be Chapter 15, which incorporates by reference Cboe Options Chapter 15)	Chapter 15 (which incorporates by reference Cboe Options Chapter 15)
3.6	Chapter 16 (should be Chapter 12, which incorporates by reference Cboe Options Chapter 12)	Chapter 12 (which incorporates by reference Cboe Options Chapter 12)

Rule Location of Current Inaccurate Cross-Reference	Current Cross-Reference	Revised/Accurate Cross-Reference
3.13 (proposed Rule 3.11)	Rule 17.50 (incorrect Cboe Options rule number, which should be Cboe Options Rule 13.15 (incorporated by reference into C2 Chapter 13) and Chapter 17 (should be Chapter 13, which incorporates by reference Cboe Options Chapter 13))	Rule 13.15 and Chapter 13 (which incorporates by reference Cboe Options Rule 13.15 and Chapter 13, respectively)
6.3(b) (proposed 5.3(b))	5.7 (should be current Rule 6.2, which is proposed Rule 5.2)	5.2
6.10(c) (definition of "Cancel Back")	5.66 (incorrect Cboe Options rule, which should be Cboe Options Rule 5.66 (incorporated by reference into C2 Chapter 6, Section E (proposed C2 Chapter 5, Section E))	5.66 (Cboe Options rule incorporated by reference into proposed C2 Chapter 5, Section E)
6.30(h) (proposed 5.10(h))	8.1 (correct Cboe Options rule number, but is incorporated by reference into current C2 Chapter 5 (proposed C2 Chapter 8))	8.1 (Cboe Options rule incorporated by reference into proposed C2 Chapter 8)
6.51 (proposed 5.13)	8.1 (correct Cboe Options rule number, but is incorporated by reference into current C2 Chapter 5 (proposed C2 Chapter 8))	8.1 (Cboe Options rule incorporated by reference into proposed C2 Chapter 8)
6.32, Interpretation and Policy .02(c) (proposed 5.20, Interpretation and Policy .02(c))	6.1 (should be current 6.11 (proposed 5.31))	5.31
6.61(a)(1) (proposed 6.7(a)(1))	8.5 and 8.14 (correct Cboe Options rule numbers, but is incorporated by reference into current C2 Chapter 5 (proposed C2 Chapter 8))	8.5 and 8.14 (Cboe Options rules incorporated by reference into proposed C2 Chapter 8)

Rule Location of Current Inaccurate Cross-Reference	Current Cross-Reference	Revised/Accurate Cross-Reference
Chapter 7, Section B	Section F of Cboe Options Chapter VI (should be Section B of Cboe Options Chapter 6)	Section B of Cboe Options Chapter 6 [sic]

The proposed rule change makes no substantive changes to any rule text.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest by aligning the numbers and format of the Exchange’s rules within its Rulebook with the rule numbers of the same rules in the rulebook of

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

¹² Id.

Cboe Options, which is affiliated with the Exchange.¹³ The Exchange believes consistent numbering (and chapter and section headings) among rulebooks of affiliated exchanges for rules (and chapter and section headings) that are the same (or substantially similar) may simplify the rulebooks of the Exchange and its affiliated exchanges as well as reduce confusion among participants of the Exchange that are also participants on Cboe Options. The Exchange believes this consistency will foster cooperation and coordination with persons engaged in facilitating transactions in securities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change has no competitive impact, as it merely changes the numbers of certain rules (and updates cross-references, as appropriate) and chapter and section heading names and font, but makes no substantive changes to any rule text.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f) of Rule 19b-4¹⁵ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the

¹³ A significant portion of the Exchange's Rulebook incorporates by reference Cboe Options rules and is already aligned numerically with the Cboe Options rulebook. The proposed rule change aligns the numbers of all rules and chapters in the Exchange's Rulebook with those of the Cboe Options rulebook.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f).

Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-C2-2021-009 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-C2-2021-009. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying

information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-C2-2021-009 and should be submitted on or before **[INSERT DATE 21 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

J. Matthew DeLesDernier,

Assistant Secretary.

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¹⁶ 17 CFR 200.30-3(a)(12).